SASKATCHEWAN GAMING CORPORATION

ANNUAL REPORT 1999-2000

Table of Contents

1 Corporate Overview

2 Mandate, Mission, Vision & Values

3 Minister's Letter of Transmittal

4 Chair of the Board's Message

5 Board of Directors

6 President's Report

7 Strategic Direction

8 Customer Service and Guest Relations

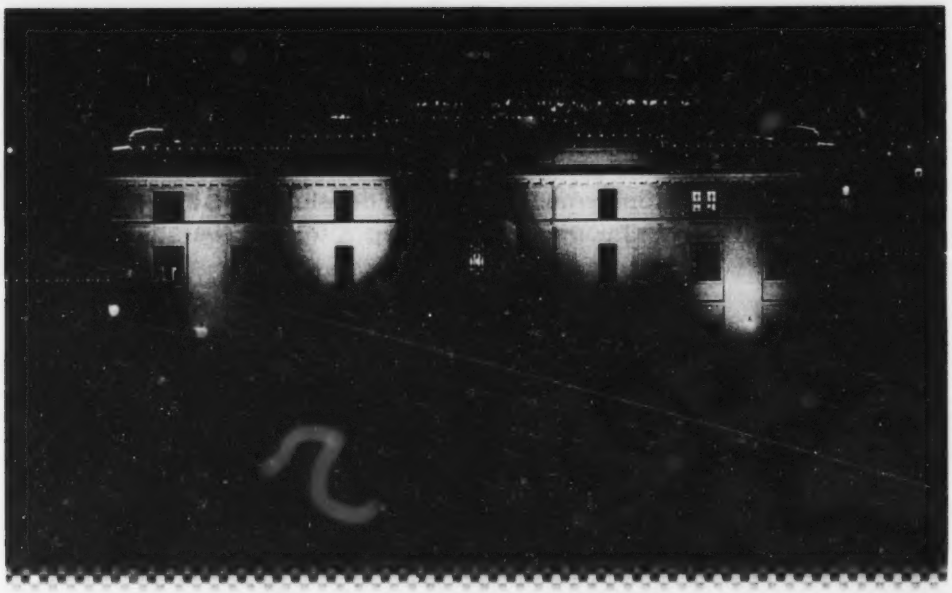
13 Organizational Development

18 Marketing and Promotions

22 Public Acceptance and Corporate Image

26 Financial Performance and Accountability

30 Management Discussion and Analysis



CORPORATE OVERVIEW

The Saskatchewan Gaming Corporation is a Treasury Board Crown Corporation established by *The Saskatchewan Gaming Corporation Act, 1994.* It was created to operate casino gaming in partnership with the Federation of Saskatchewan Indian Nations under an historic agreement that provides for joint management and revenue sharing.

The corporation is responsible to the Saskatchewan government through a Board of Directors appointed by Cabinet. Three members of the corporation's Board of Directors are nominated by the Chief's Legislative Assembly of the Federation of Saskatchewan Indian Nations.

The corporation operates Casino Regina, under the regulatory authority and supervision of the distinct and separately constituted Saskatchewan Liquor and Gaming Authority.

Casino Regina was opened to the public on January 26, 1996. It is a full-service entertainment facility that employs 584 people. Casino Regina has 620 slot machines and 40 table games, a restaurant and show lounge offering live entertainment, and a gift shop. Casino Regina is open to the public seven days a week from 9 a.m. to 4 a.m.

Mandate, Mission, Vision & Values

MANDATE

To offer Casino gaming as an entertainment option –
generating quality employment, economic development, and profit for
Saskatchewan people in partnership with First Nations.

MISSION

To provide quality entertainment in a fun, friendly,
and exciting atmosphere.

VISION

To be a leading full-service Casino committed to
excellence with a strong, proud, diverse team.

VALUES

Our Guests
We believe that the continued success of Casino Regina depends on providing excellent customer service and consistently offering fun, friendly and exciting entertainment in a first class heritage facility.

Our Diversity
We are proud of our historic partnership agreement with the Federation of Saskatchewan Indian Nations. We respect cultural and individual diversity and are proud to have one of the most culturally diverse workplaces in the province. We are committed to providing a safe, positive workplace where patrons and staff are treated with dignity and respect. Fundamental to that commitment is a policy of zero tolerance of harassment.

Our Profitability
We will continue to work hard to steadily improve our profitability in a socially responsible manner and with full public accountability.

Our Staff
We believe that the key to providing excellent customer service is having friendly, motivated employees who take pride in their workplace and their jobs. To accomplish this goal we provide excellent wages and benefits, great training and opportunities for career advancement. We encourage innovation, open communication and teamwork.

Our Community
We are proud that all of our profits are invested in Saskatchewan communities. We take pride in being a good corporate citizen and working with local business and tourism partners to provide indirect and direct economic spin-offs and to improve the quality of life in our community.

Our Social Responsibility
We have a commitment and responsibility to operate our gaming facility with integrity in a socially responsible and safe manner.

Minister's Letter of Transmittal

101-00893/

Regina, Saskatchewan
June, 2000

To Her Honour
The Honourable Lynda Haverstock
Lieutenant Governor of Saskatchewan

Your Honour:

I am pleased to submit the annual report of the Saskatchewan Gaming Corporation for the period ending March 31, 2000. This report includes the financial statements in the form required by Treasury Board and in accordance with the Saskatchewan Gaming Corporation Act, 1994.

The Saskatchewan Gaming Corporation has once again achieved success in every facet of its role as operator of Casino Regina. This success is due primarily to the hard work and commitment of the Casino Regina team and to the counsel and guidance of SGC's Board of Directors.

On behalf of the Government of Saskatchewan, I wish to thank everyone involved in achieving another successful year, a year that has solidified Casino Regina's vital place in our community and in the province.

I am pleased to report that Casino Regina earned a net profit in 1999/2000 of $19.8 million. All of this profit stays in the province to help Saskatchewan people. Another important element of the casino's contribution to the community is the close to 600 quality jobs it provides. These jobs continue to create vital economic spin-offs that generate important dividends for the community. I am extremely proud of the leadership role that the casino plays in the field of employment equity. From its very beginning the corporation has been committed to fostering employment equity, particularly by providing career opportunities for Aboriginal people.

The corporation also continues to make progress in expanding opportunities for people with disabilities, women and visible minorities and it remains committed to nurturing a workforce of qualified employees that reflects the diversity of our society and our partnership with the FSIN.

I would like to close by commending Casino Regina and its volunteers for their enthusiastic community support and for their volunteer work with a wide variety of non-profit organizations. Their energetic involvement with many organizations such as the Rainbow Youth Centre, The Trial of Louis Riel, Youth Unlimited and Ehrlo Community Services, is setting an example for other organizations in the city.

Respectfully submitted,

Joanne Crofford

Joanne Crofford
Minister Responsible for the
Saskatchewan Gaming Corporation

Chair of the Board's Message

Regina, Saskatchewan
June, 2000

The Honourable Joanne Crofford
Minister Responsible for the
Saskatchewan Gaming Corporation

Madame Minister:

On behalf of the Board of Directors I am pleased to submit the 1999/2000 annual report of the Saskatchewan Gaming Corporation for the period ended March 31, 2000.

I take great pride in serving as Chair of the SGC Board of Directors and in participating in the operation of Casino Regina. We have firmly established a reputation for providing a top-notch entertainment package. We are also well recognized as one of the top tourist attractions in our province and we are ranked among the very best casinos in Canada.

The corporation has also worked hard to set very high standards governing its employment practices and other human resource policies. Many other organizations in the private and public sectors have indicated an interest in learning from our innovative initiatives.

It has been very gratifying to work with Casino Regina's new president Joe van Koeverden and his management team. This group of dedicated professionals has made my job as Board Chair a much easier and enjoyable experience.

Very ambitious goals were set for the corporation's future during our annual strategic planning process. These corporate objectives are set out in detail elsewhere in this report. I am confident that these goals will continue to build on the progress already made in fulfilling the mission, vision and values of the corporation.

On behalf of the Board, I would like to thank former Board members Leo Omani and Gabriel Gopher for their contributions to the corporation over the years. I would also like to welcome two new members, Chief Darcy Bear and Eddie Head.

Respectfully submitted,

Thomas J. Waller, Q. C., Chair of the Board
Saskatchewan Gaming Corporation

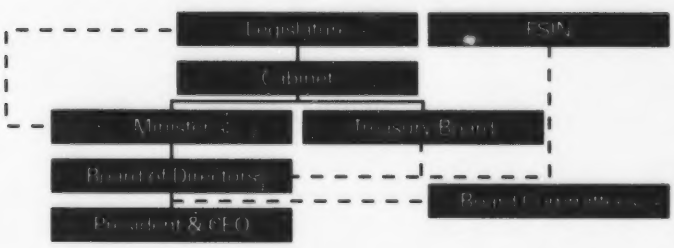
The Saskatchewan Gaming Corporation Act, 1994 provides, in part, as follows:

6 (1) The corporation shall consist of seven persons appointed by the Lieutenant Government in Council.

(2) The Lieutenant Governor in Council shall appoint as members:
(a) three persons nominated by the Chiefs' Legislative Assembly of the Federation of Saskatchewan Indian Nations, and
(b) four other persons.

Back Row, Left to Right:
John Lipp, Chief Darcy Bear, Tom Waller - *Chair*
Middle Row:
Ron Crowe, Eddie Head
Front Row:
Margaret Fern - *Vice Chair.*, **Larry Spannier**

Governance Structure



President's Report

My first year as President and Chief Executive Officer of the Saskatchewan Gaming Corporation has been an exciting and rewarding one.

Before my formal appointment on April 1, 1999, I had the opportunity to undertake two months of orientation and meetings with management, staff and other stakeholders of Casino Regina. I am grateful for that opportunity because it proved to be a tremendous asset when I took over the position officially. I would like to thank the management team and the many staff members who made me feel welcome and who assisted me in my introduction to the Saskatchewan gaming industry. They were most helpful in facilitating the transition to my new duties.

I am pleased to be part of such a dynamic and progressive organization. Casino Regina has earned a reputation as a centre of fun and entertainment and has established itself on the leading edge in such human resource areas as employment equity and staff training.

I am also very pleased to be a part of such a vibrant community as Regina. Regina quickly accepted me as a willing participant in a number of organizations, including the Regina's Market Square, the Regina Chamber of Commerce and the Saskatchewan Science Centre. Participation in community affairs by our management and staff is an important part of Casino Regina's mandate as we endeavour to be a good corporate citizen. We believe the corporation should lead by example through encouraging staff at all levels to take active roles in their community.

Casino Regina can look back on the past fiscal year with the pride that comes with accomplishment. Thanks to the dedication and commitment of our management team and staff, I am pleased to report that the corporation has achieved and in most cases exceeded the ambitious objectives we set for ourselves in our 1999/2000 strategic plan. We have continued to successfully carry out our mandate and have implemented a number of important changes to enhance and improve customer service.

Net income increased more than 28%, allowing the corporation to contribute close to $20 million to the Government of Saskatchewan to help fund important provincial programs, including social services, education and health care. At the same time, customer and employee satisfaction has also increased.

In January 2001 Casino Regina will celebrate its fifth anniversary. I look forward to inviting the public to join our celebrations and to work with our management and staff in our ongoing efforts to improve patron services and to upgrade the surroundings and décor of Casino Regina.

Joe van Koeverden
President and CEO

Goals and Objectives for 1999-2000

During the past year our corporate planning process included a comprehensive review of Casino Regina's operations. This process included executive and senior management, Board representation and Holland Casinos, our management consultants.

Building on the previous work in this area, we have expanded our strategic directions from three to five and lead departments have been assigned in each area. Measurable goals were established, benchmarks were identified, and performance targets were determined.

STRATEGIC DIRECTIONS AND CORPORATE OBJECTIVES

- ***Customer Service and Guest Relations***
  To deliver outstanding customer service where our guests and staff see that we have gone beyond their expectations to create a welcome, fun and exciting atmosphere.

- ***Organizational Development***
  To continue to build on our reputation as a progressive employer that recognizes and celebrates diversity.

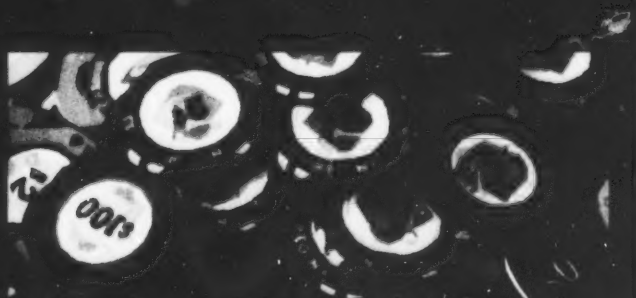
- ***Marketing and Promotions***
  To enhance customer loyalty, to attract and create new guests, and to build customer awareness of Casino Regina.

- ***Public Acceptance and Corporate Image***
  To increase our visibility in the community as a model corporate citizen and to highlight the benefits that Casino Regina provides to Saskatchewan people.

- ***Financial Performance and Accountability***
  To steadily improve our profitability while meeting our mandate in a socially responsible manner, with full public accountability.

We have already achieved considerable success in meeting our corporate objectives.

Through the effective management of our table games and slot operations, and our marketing initiatives to attract new guests and build customer loyalty we have seen steady growth in our revenue base and continuing improvements in our financial performance. Our focus on customer service and entertainment value for our guests has been rewarded with significant improvements in customer satisfaction and an enhanced entertainment experience for our guests.

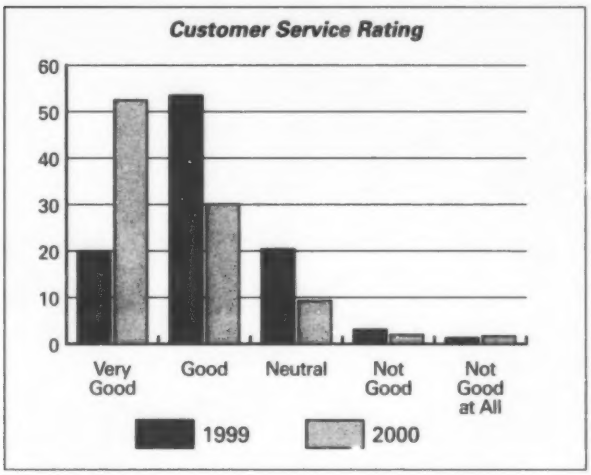


CUSTOMER SERVICE AND GUEST RELATIONS

Our objective is to deliver outstanding customer service at all levels of our corporation and to go beyond the expectations of our guests and staff to create a fun and friendly atmosphere at Casino Regina.

With this objective in mind, much of our attention in the last fiscal year has focused on research, training, reorganization, and changes aimed at improving our customer service delivery and entertainment options.

Casino Regina recognizes that our front-line employees are one of our best sources of customer service research. They are our ambassadors. As a result, a concerted effort was made last year to involve staff at all levels of the corporation in the development of customer service solutions and efforts to improve our entertainment package.



Customer service committees in all areas of the casino were formed to consider policy modifications or changes, new games and promotions, and other ways to work together to enhance the experience of our guests and to make Casino Regina a better place to work. Front-line employees have also been empowered to take a more active role in dealing with customer service issues as they arise.

This approach was popular with staff and has helped improve customer service ratings.

TRAINING AND DEVELOPMENT

Casino Regina has paid a great deal of attention to training and development in the last year in order to equip our staff with the necessary tools to bring our service to the next level. We are very proud to boast that more than 500 employees participated in the Saskatchewan Tourism Education Council's (STEC) award-winning Saskatchewan Best Program last year. This program emphasizes the importance of acting as tourism ambassadors for the province and of the necessity for continually coming up with new ways to exceed the expectations of our customers. Saskatchewan Best is offered to all new employees that join our team.

All employees at Casino Regina are trained to be tourism ambassadors for our city and province by the Saskatchewan Tourism Education Council.

Customer Service and Guest Relations

The corporation is also working with STEC on a certification process for our food and beverage professionals designed to provide them with the skills, knowledge and attitudes described in national occupational standards. Casino Regina is proud to be the only workplace in Saskatchewan to provide Silver Service training for our food and beverage staff. This interactive computer-based program provides specialized training in everything from food allergies to cooking and serving techniques.

We are also working with the Saskatchewan Indian Gaming Authority to develop national occupational standards and a national certification process for various gaming occupations.

The success of these training initiatives is due in large part to the co-operation and support of our trade unions, the Retail, Wholesale & Department Store Union and the Public Service Alliance of Canada.

Casino Regina staff deal out smiles and great customer service.

Last year also saw the introduction of a new Leadership Development Program designed to equip managers and supervisors with the skills they need to be inspiring coaches and mentors for their employees. Improving communication skills, providing constructive and positive feedback, conducting effective team meetings, and conflict resolution are only a few of the many topics that are covered in this ongoing leadership program.

IMPROVING OUR ENTERTAINMENT AND SERVICE OPTIONS

Casino Regina is constantly striving to add exciting new games to our entertainment package. We are pleased to offer one of the most diverse game selections in Canada.

A number of new machines were introduced last year that have proven to be very popular with our guests. One of the most popular additions has been our new penny denomination slot machines. For guests who like to play for larger jackpots, we added the new Money Train Progressive jackpot last year, with a start up value of $250,000.

Global Television's J'Lyn Nye helps Casino Regina launch our new Money Train Progressive with jackpots starting at $250,000.

Casino Regina poker tournaments attract guests from all over North America.

Several new table games were also added, including Phil-em Up, a poker-based table game created by an Aboriginal person from North Dakota, and Wild Aruba Stud, which is similar to Caribbean Stud.

Basic blackjack strategy cards were introduced to help our guests improve their playing strategies for this exciting game. Our poker tournaments have continued to grow in popularity, attracting guests from all over North America. In order to build on this excitement, a Table Games Tournament Host position was added to our employee roster to arrange and host poker and blackjack tournaments and Rookie's Nights.

Our restaurant and show lounge, The Last Spike, also continues to play a key role in the entertainment package offerred to our guests. We responded to information from focus groups and customer surveys and introduced a new menu last summer that has been very well received by casino patrons. A new comment card system was also introduced to the restaurant that has proven to be an invaluable tool for monitoring service levels and needs of our guests.

Casino Regina Chef Phonebe Chung with his award winning sculpture of special pastry margarine.

A number of changes were made to improve banking services. Staffing levels were increased during high demand days in our Main Bank and a second cash desk was opened to better service Casino Regina staff requiring slot payments, coin and deposit services. New cash machines were introduced that have provided better service and proven to be more efficient.

A partnership with the Delta Hotel, which is conveniently located across the street from Casino Regina, has helped address parking concerns. Arrangements were made to use the Delta's parkade as an overflow lot when the casino lots are full.

Customer Service and Guest Relations

ORGANIZATIONAL CHANGES

A number of organizational changes were made last year to improve coordination of services throughout the casino. By reducing the layers of management and combining supervisory duties in a number of areas, communication between front-line managers and staff has improved.

The restaurant and beverage service areas were merged into one work unit. All restaurant and bar staff now report to general duty Shift Managers who have overall responsibility during assigned shifts for the restaurant and bar. We have seen greater consistency in customer service and improved communication throughout the food and beverage operation as a result of these changes.

A new division within the Operations department was established to encompass and coordinate non-gaming activities and services for Casino Regina employees. Casino Services combines the staff of the Parking Lot, Gift Shop, Uniform Room and Customer Service. Responsibility for managing the Coach Room, which caters to private functions, was moved from the Marketing department to the front-line management staff in the new Casino Services division. Hospitality managers are able to ensure that all aspects of the guest experience are coordinated and that exceptional customer service is provided to Coach Room functions.

The role of Customer Service Representatives was also changed to that of ambassadors on the gaming floor, assisting guests by answering their questions and explaining new promotions.

Organizational changes, increased attention to customer service, and a new menu contributed to improved ratings for our food and beverage services.

ORGANIZATIONAL DEVELOPMENT

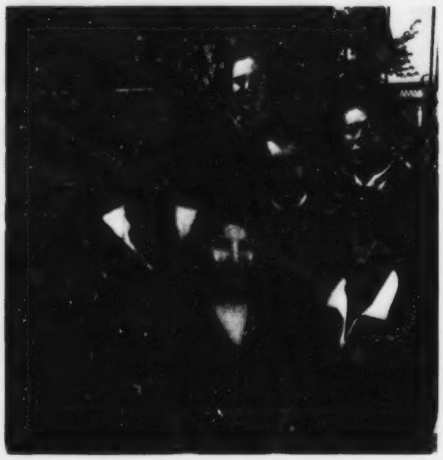
In the last year, Casino Regina has continued to build on our reputation as a progressive employer that recognizes and celebrates diversity. We remain committed to fulfilling the goals mandated to us through our historic partnership agreement with the Federation of Saskatchewan Indian Nations.

Organizational Development

As of March 31, 2000 the corporation had 584 employees. We have always surpassed the target of 50% Aboriginal employees established in our agreement with the FSIN and last year the figure was just under 51%. Women make up 52.5% of the workforce, visible minorities, 5% and people with disabilities, 2.7%. Of the total workforce, 53.5% are full-time, 40% are part-time, and 6.5% fill casual, temporary or seasonal positions. Casino Regina has a relatively young workforce, with the age of its employees averaging 33 years.

To ensure the continued success of our employment equity program, a human resource planning process was established last year that requires managers to take responsibility for planning and maintaining employment equity goals in their own departments and work units. Managers are evaluated on their success in meeting these goals during their regular performance reviews.

The corporation has adopted a very proactive approach to encouraging and fostering career development for Aboriginal people at all levels of the corporation. The corporation's goal is to have Aboriginal people fill 50% of the management positions at Casino Regina. Substantial progress continues to be made on this ambitious goal, with the number of positions filled by Aboriginal people at the management level increasing to 36.5% last year from 22% in 1998/99.



Casino Regina is pleased to foster career development for Aboriginal people at all levels of the corporation.

We are excited to be working in co-operation with the Saskatchewan Indian Federated College on the development of a university program for gaming and casino management that will be the first of its kind in Canada and groundbreaking in its scope. These courses will become core material for our Aboriginal Management Development Program which will offer a "reverse" co-op opportunity, allowing our staff to work and study towards a higher education.

Casino Regina also encourages the professional development of our Aboriginal employees through their participation in such organizations as the Aboriginal Government Employees Network and the Regina Aboriginal Professionals Association. Casino Regina is also an active member of the Federation of Saskatchewan Indian Nation's Corporate Circle, companies working together to open up opportunities for Aboriginal people.

Some of Casino Regina's diverse team members enjoying a staff baseball tournament.

Hospitality Shift Manager Gerry Stonechild welcomes Aboriginal comedians "Moccasin Joe" and Don Burnstick for National Aboriginal Day Celebrations.

While diversity has always been the focal point of our workforce development strategy, once a year it is marked in a special way by celebrating National Aboriginal Day. Special activities are conducted within the corporation and the community that highlight the many historical and cultural contributions that Aboriginal people have made to our province.

Another one of the corporation's goals is to increase the number of people with disabilities in our workplace. We believe that we should lead by example, just as we have in the area of Aboriginal employment. We already have a number of enthusiastic employees with disabilities who are excellent role models for our staff and the public but we recognize that there is much more work to be done.

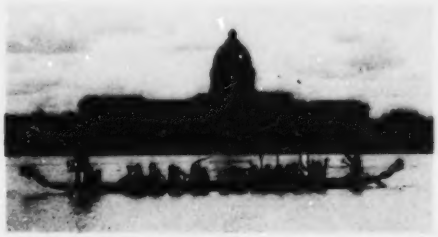
Casino Regina is being assisted in efforts to open doors to people with disabilities by organizations like the Saskatchewan Abilities Council and the South Saskatchewan Independent Living Centre. Rod Dyke, life skills supervisor for the Saskatchewan Abilities Council, attests to the benefits to be realized through partnerships with organizations such as the Abilities Council and Casino Regina and its employees. The Council's mandate is to provide and assist optimal independence and active participation in all aspects of society for people with disabilities.

"Our relationship with the people at Casino Regina has definitely been a win-win situation for all of us," Dyke says.

"They helped open up a new world for the young people from the Council that they worked with, gave them a reason to get up in the morning and taught them work and social skills," Dyke says. "So much more of their world is now being filled with new meaningful activities."

BECOMING AN EMPLOYER OF CHOICE

Another goal of the corporation is to become an employer of choice. With this objective in mind, we paid a great deal of attention in the past year to investing in our employees. We have demonstrated our ongoing commitment to developing our employees' skills and to provide them with developmental opportunities to enhance their professional and managerial skills.



Casino Regina's dragon boat team soars past the finish line.

Management also recognized that only by communicating expectations, standards of behavior and business objectives can we expect to increase the productivity and performance of our employees. With this in mind, our focus on training and development was sharpened in 1999/2000 to include improved orientation programs for new employees, cross-training and leadership development.

A close working relationship has been developed with the Saskatchewan Tourism Education Council to deliver customer service training and a number of programs to improve skill levels in various areas throughout the casino.

To continue working towards a work environment that encourages and values diversity, the corporation introduced a mandatory cross-cultural communication program for all employees. This two-day diversity workshop covers a wide range of topics such as gender issues, disabilities, visible minorities and Aboriginal issues.

EMPLOYEE SATISFACTION

The corporation has been successful at building a loyal and well-trained team of employees and we are proud of our ability to retain staff. Last year the corporation experienced a staff turnover of just 17.6%, a rate which is considerably lower than the rate experienced by comparable corporations and a reduction from the previous year.

A comprehensive system to measure employee satisfaction was introduced last year. Valuable information was obtained from the surveys and focus groups that has helped management respond to issues impacting on employee satisfaction. By completing this process on an annual basis the corporation is in a good position to track and monitor our progress.

Our Learning and Development team helped Sarah Hernandez overcome language barriers to achieve her STEC Kitchen Helper certificate.

When employees were asked what they liked about their jobs, 82% of the respondents described Casino Regina as a happy place to be with good pay and benefits, where there is opportunity for growth.

Feedback from focus groups and surveys indicated that one of the areas where management could improve employee relations was to provide more opportunity for staff to contribute their ideas on how to improve customer service. A number of processes were developed in the last fiscal year to seek input from our front-line staff. We believe this input has not only had the effect of increasing employee morale, but also directly contributed to improved customer service ratings.

Information learned from employees also pointed to the need for leadership development training for our managers and supervisors. An ongoing management development program was introduced in the year under review to address these concerns.

UNION MANAGEMENT RELATIONS

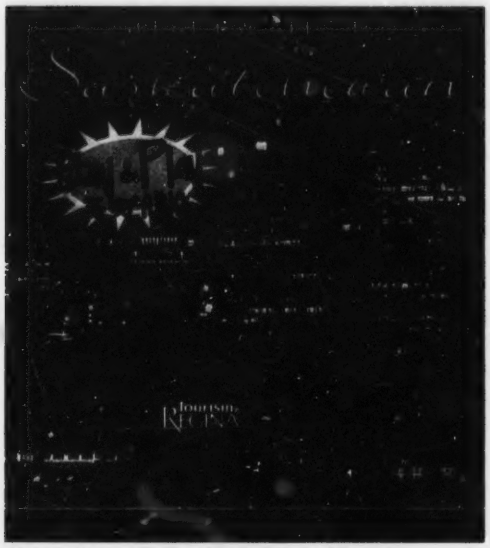
Joint Union Management Committees established through the collective agreements meet on a regular basis to discuss matters of mutual concern that have an impact on the workplace. The goal of these joint committees is to foster harmonious relations and encourage open communication between the unions and management. These committees have worked on a variety of different projects and activities including the development of anti-harassment complaint procedures, implementation of a flu vaccination program, revision of the hours to work in the food and beverage area, and communication around renovation plans.

In the new fiscal year the corporation will enter collective bargaining with the two unions representing our employees, the Public Service Alliance of Canada (PSAC) and the Retail, Wholesale and Department Store Union (RWDSU). The corporation has built a positive working relationship with both unions and looks forward to successful negotiations.

MARKETING & PROMOTIONS

Through our marketing and promotional efforts, Casino Regina has worked hard to enhance customer loyalty, to attract new guests and to build consumer awareness about Casino Regina.

Our efforts have paid off. More than 1.7 million patrons passed through Casino Regina's doors last year. That puts the total number of visitors at over 5 million since we first opened in 1996.



Partnerships with Tourism Regina and Tourism Saskatchewan have elevated Saskatchewan as a tourism destination.

We recognize that an excellent way to market Casino Regina is to work with organizations like Tourism Regina and Tourism Saskatchewan to package our product with everything that our province and City has to offer. Successful partnerships that have been developed with these organizations and other tourism attractions in Regina and surrounding communities have helped elevate Saskatchewan as a tourism destination.

Casino Regina is facing new out-of-province competition. Winnipeg recently opened expanded "Vegas-like" facilities and the go-ahead has been given for a number of First Nations casinos in Manitoba. Alberta continues to open full service casinos. Not only are the casinos holding on to their local consumers but they are also attracting our local clientele.

We believe that we have what it takes to compete with the best casinos in the country. Our location in Regina's historic Union Station offers us marketing opportunities unique to Casino Regina. Our customer service is second to none and our cooperative efforts with other tourism attractions in Regina and surrounding communities make us a force to reckon with.

Friendly Casino Services staff happy to welcome bus guests to Casino Regina.

BUS TOUR PROGRAM

Casino Regina's bus tour program continues to be an important element of our marketing strategy. Over 50 bus companies have signed up with our open bus tour program to bring guests from across Western Canada. A new cooperative advertising campaign with leading bus tour operators has already shown promising results. Alberta continues to be our strongest market for bus tours, however, there was a marked increased in day trips from within the province last year.

ADVERTISING AND PROMOTIONS

Casino Regina has worked very hard to develop innovative promotions and marketing campaigns that attract the attention of new guests and maintain the favour and loyalty of our regular clientele.

Staff dished out pancakes and smiles to casino patrons for our Buffalo Days pancake breakfast.

Benchmarks were established for measuring the effectiveness of all advertising and promotional investments and further refinement was made to our research capabilities. Understanding our customer base and potential for new markets remains an important focus for our Marketing department. Both quantitative and qualitative research is completed twice a year and customer comments and suggestions are monitored on an ongoing basis.

Research showed us that attracting the baby boomer population, between the ages of 35 and 55, could be a wise marketing strategy. With this in mind, television, radio and print advertisements were developed with theme songs and look-alike actors from Bonanza and Green Acres.

Our customers told us that they would like more excitement around our Mystery Jackpots, so we replaced our Mystery Wheel with "The Great Escape Promotion" where bonus slot jackpots are given out through quarterly mystery-themed promotions. Our first "Great Escape" for this year-long promotion was unveiled in January, 2000, and was met with great enthusiasm from our guests. Players at random machines had the opportunity to win more than 250 trips to the Temple Gardens Mineral Spa in Moose Jaw.

Working with organizations like the Temple Garden Mineral Spa not only provides attractive incentives for our patrons, but also demonstrates Casino Regina's ongoing commitment to working with other businesses and tourism attractions on partnerships that benefit our community and promote Saskatchewan as a tourism destination.

Look alike actors from Green Acres and Bonanza helped launch our very successful "Great Escape" marketing campaign.

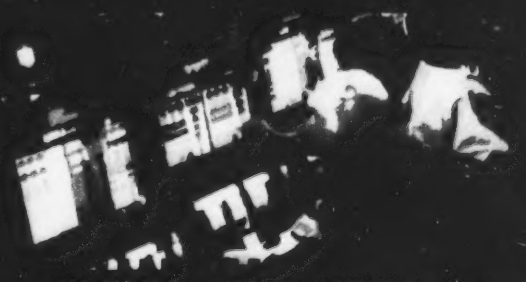
Deb Thorn, Temple Gardens CEO and General Manager, points out that the spa was made possible in the first place because local stakeholders worked together to create a successful destination tourism attraction for their community.

"That same spirit of cooperation, this time between Casino Regina and ourselves, further demonstrates how solid partnerships can generate greater benefits for all," says Thorn. "Several cross-marketing tourism initiatives attracted increased numbers of tourists to both our businesses and cities this past year and benefited many other businesses within our tourism corridor."

The year under review also saw an exciting re-launch of our Players Club Card program with creative rewards and incentives being offered to our valuable guests. Guest response has been very good, as indicated by a close to 50 per cent increase in the number of customers signed up for the program.

Casino patrons can also expect high quality acts and performances in our Last Spike Show Lounge. Local talent is showcased as much as possible to encourage our Saskatchewan-grown entertainers and add to the variety of our entertainment package. Everything from country and western acts like the Johner Brothers and Charlie Major, to Celtic Clutter, and Polka King Walter Ostanek have performed to appreciative audiences.

Casino Regina is proud to attract a wide range of Saskatchewan and Canadian talent to the Last Spike Show Lounge like the popular Johner Brothers.



PUBLIC ACCEPTANCE AND CORPORATE IMAGE

Casino Regina is much more than just a gaming establishment. We have become an integral part of our community and we are proud to consider ourselves a model corporate citizen. A spirit of leadership and commitment to our community is evident at all levels of the corporation.

Public Acceptance And Corporate Image

Casino Regina brought Human Foosball to Regina and raised close to $10,000 for the Rainbow Youth Centre.

All profits from Casino Regina are invested in the community through our partnership agreement with the Government of Saskatchewan and the Federation of Saskatchewan Indian Nations. Under the terms of this agreement 50% of Casino Regina's profits go to the Saskatchewan Government, 25% is distributed to the Federation of Saskatchewan Indian Nations, and 25% is allocated to the Associated Entities Fund.

Through the Associated Entities Fund, casino profits have assisted hundreds of projects undertaken by non-profit organizations, Métis organizations and exhibition associations. Many of the organizations that have received funding provide programs and support for youth, families and at-risk children.

Casino Regina has also taken a leadership role in the community through a corporate sponsorship program that emphasizes volunteer work by our employees in the community. Our Employee Community Enhancement Committee works hard year-round to organize and participate in fundraising events for a wide variety of community organizations including the United Way, Chili for Children, the Rainbow Youth Centre, the Canadian Paraplegic Association, and many, many, others.

The corporation is proud of the tremendous staff response to the role of good will ambassadors. They have made an important impact through their work with non-profit groups in our community.

Casino Regina and Tourism Regina combined forces to raise money to ensure the continued success of The Trial of Louis Riel.

An example of a highly successful community endeavour was a partnership developed between Casino Regina and RielCo. Productions to raise funds through a gala dinner theatre event for The Trial of Louis Riel.

"We received absolutely outstanding support and genuine enthusiasm for the project from Casino Regina from the very beginning to the post-gala meetings," says the show's producer Del Fraser. "Their volunteers demonstrated uncompromising excellence in project standards and contributed in great measure to the ultimate success of our fundraising campaign."

Public Acceptance And Corporate Image

Casino Regina staff are proud to volunteer their time to help the children and teachers at Kitchener School.

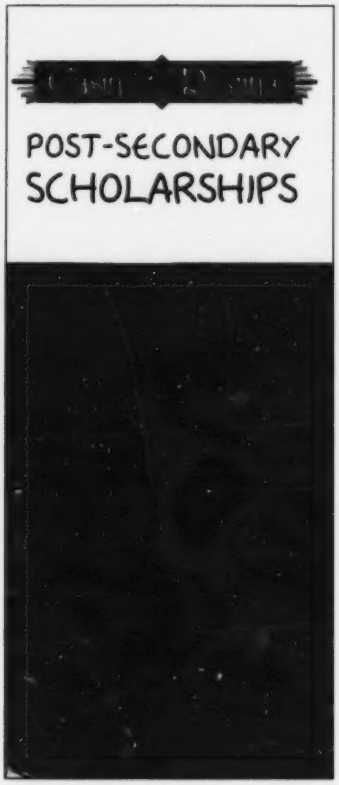
Patti Schmidt, principal of Kitchener Community School, reflects the response to volunteer work our employees provide to a number of school groups. In the case of Kitchener, Casino employees worked with the school on development of an attendance program for students.

"The program provided our students with opportunities to set goals and to celebrate achieving them and motivated them to develop lifelong skills," Schmidt states.

"The casino employees who generously give their time to be with our students are excellent role models and are to be commended for their commitment to the community. They clearly value children as our leaders of tomorrow and recognize that it takes a whole community to raise a child."

Casino funds also benefit the community through a scholarship program that is open to students who pursue full-time post-secondary education at Saskatchewan educational institutes. In keeping with the corporation's policy to encourage diversity, special emphasis is placed on assisting students of Aboriginal ancestry, visible minorities and people with disabilities.

Response to the scholarship plan has been so overwhelming that the corporation increased the number of scholarships offered in 1999. Four $1,000 scholarships were offered to students enrolled in university degree programs and eight $500 scholarships were offered to students at regional colleges and technical institutes.



Casino Regina is pleased to support Saskatchewan students through our Post-Secondary Education Scholarship program.

DEMONSTRATING LEADERSHIP AND COMMITMENT TO OUR COMMUNITY.

Casino employees helped raise money for KidSport Saskatchewan by participating in their annual Fun and Fitness Challenge.

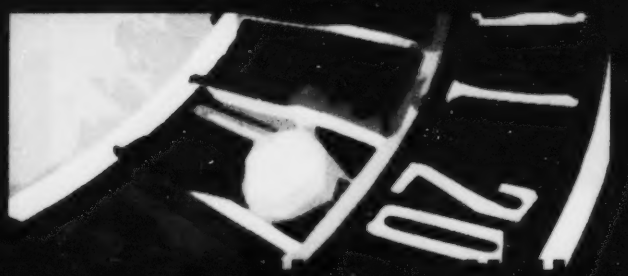
Casino staff volunteered their time at a number of Regina schools throughout the year.

Casino Regina was very proud to work with SGI Canada to sponsor a new women's division for their successful Charity Curling Classic.

Employees were happy to meet Walter Gretzky at a Red Carpet Reception for Youth Unlimited's Hollywood All Stars Fundraiser.

Manager of Gaming Security lets staff shave his head to raise money for Cystic Fibrosis.

Senior Vice-President of Operations Brian Lynch is a great sport – allowing staff to raise money for the Regina Humane Society by duct-taping him to the wall.

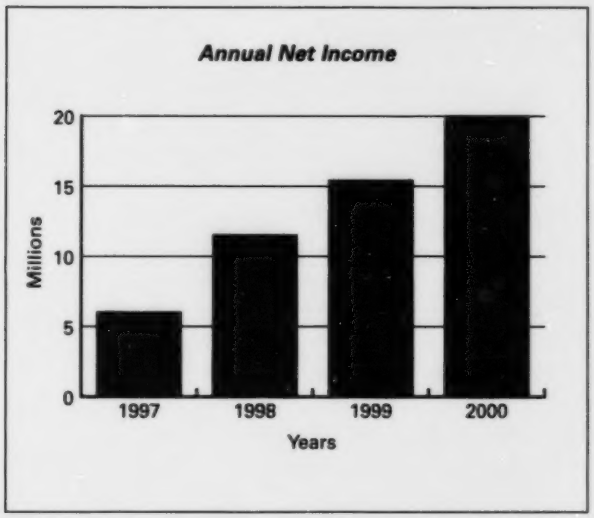


FINANCIAL PERFORMANCE AND ACCOUNTABILITY

One of Casino Regina's key objectives continues to be to steadily improve our profitability while maintaining the highest standards of social responsibility. We have achieved this objective while demonstrating a leadership role in government, business, and the gaming industry in the area of public accountability and integrity.

While Casino Regina's performance in its first years of operation fell short of initial projections, the corporation is now clearly demonstrating a strong return on investment and meeting industry standards. For the fiscal year 1999/2000 the corporation reported a net profit of $19.8 million. Since the doors were opened to the public in January of 1996 Casino Regina has generated more than $50 million in net income – all of which has been expended for social and public purposes within Saskatchewan.

Casino Regina has also had a profound impact on the local economy. One person who is in an excellent position to evaluate Casino Regina's impact on the city is Marty Klyne, chief operating officer of the Regina Regional Economic Development Authority. He says the impact is significant.



"When you have a facility with nearly 600 jobs and a payroll of close to $14 million, nearly every local business sector stands to benefit from the staff making every day small and big ticket purchases," he says.

"There is also a multiplier effect because store owners and their staff are able to make additional purchases elsewhere. Add to that the spending by visitors that would not otherwise visit Regina, the new tourism dollars the casino attracts to itself and the rest of the entertainment and hospitality industry and you have a major influence on our economy and tourism industry." Klyne says.

Local spending, through the procurement of computer systems support, advertising and commercial production, entertainment, professional services, dry cleaning and janitorial services contribute another $5 million to the region.

Casino Regina remains committed to ensuring that adequate resources are allocated for activities that enhance local and provincial economic development and tourism. We will also build on our revised corporate purchasing policy that emphasizes a commitment to Aboriginal suppliers and businesses.

Financial Performance and Accountability

As a Treasury Board Crown Corporation, it is the Saskatchewan Gaming Corporation's responsibility to ensure that government, legislators, key beneficiaries, and the general public receive accurate and timely reporting on the casino's performance. SGC takes great pride in our success in this key area of responsibility. Policies and procedures are in place that meet the highest standards of internal control, operational efficiency, and public accountability.

Our patrons can feel confident in the integrity of the games since Casino Regina operates under very strict provincial regulations. Under these regulations, all slot machines in Saskatchewan are required to pay out a minimum of 85%. The range for slot pay outs at Casino Regina is between 88% and 97.67%, with an average payout to players of 92.7%. All gaming rules and equipment must be approved by our regulator, the Saskatchewan Liquor and Gaming Authority prior to introduction on the gaming floor.

The corporation has worked diligently to enhance existing reporting processes to reflect the latest professional recommendations and bring greater detail and analysis to the Saskatchewan Gaming Corporation's Board of Directors and executive. Budget development and quarterly forecasting procedures are in place and financial performance is reported to the public throughout the year with the release of quarterly financial results.

Great care has been taken to identify and analyze the key risks facing the corporation in order to assist the board and management in developing plans to effectively manage these risks. Analytical tools to determine performance norms and enhance productivity of our systems and people have been put in place. In the years to come, all of the business units of the corporation will continue to engage in cost containment and process improvement measures specific to their operating plans.

PLANNING FOR THE FUTURE

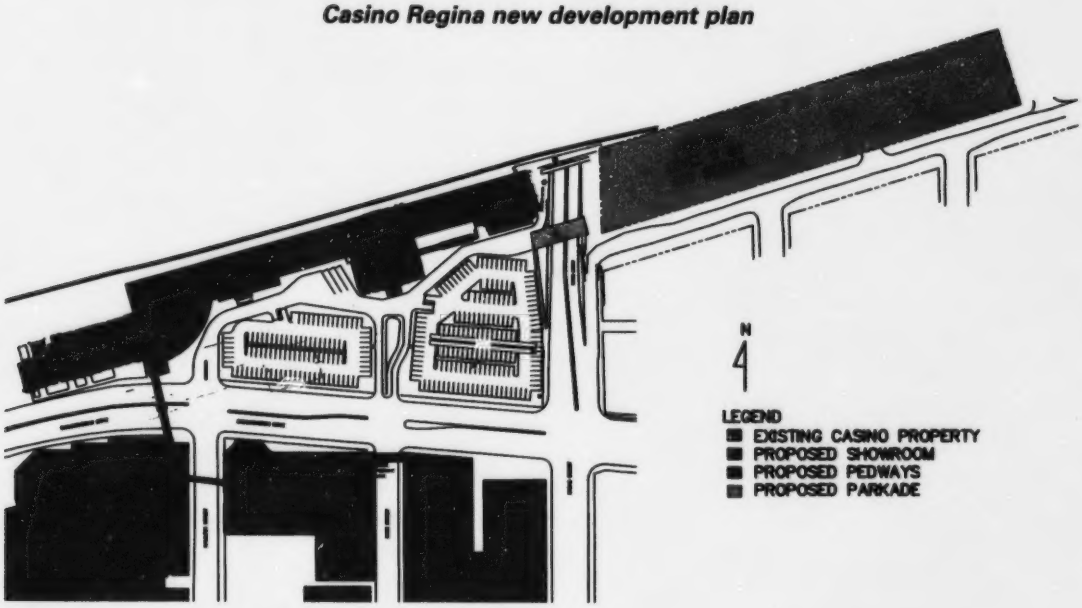
Within the growing and changing gaming market, competition for gaming dollars is intensifying. The corporation must continually improve our facility and our gaming products in order to maintain our position as a premiere tourism attraction. To assist us in this goal, a long-term financial plan was developed to ensure our facilities can be renewed and our entertainment products are enhanced.

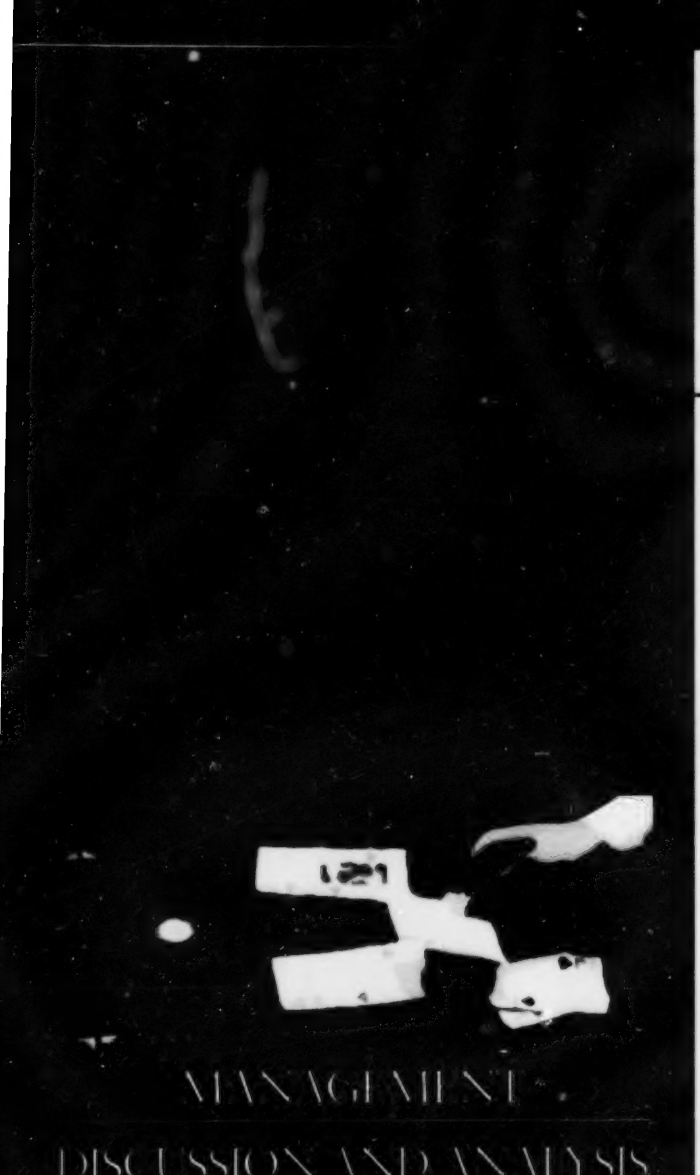
In the last fiscal year we began a process of renewal that will help ensure that Casino Regina remains the downtown entertainment anchor and generates increased excitement and activity in our city. Work began on interior renovations to improve and update the existing facility.

The Canadian Pacific Telegraph buidling immediately west of the casino was purchased as the keystone to exciting new development plans. This building will house the casino's new learning and development centre.

Plans continue to be fine-tuned for the construction of a new entertainment facility and potential pedway linkages with the Cornwall Centre and the Delta Hotel.

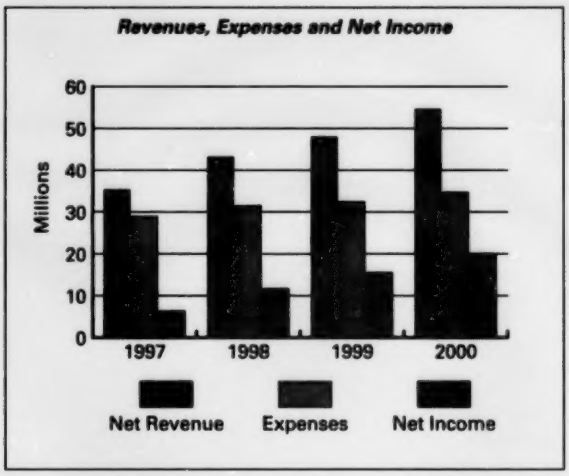
Casino Regina new development plan





MANAGEMENT'S DISCUSSION AND ANALYSIS

Management and staff can look with pride to the accomplishments that were achieved in the last fiscal year. The corporation has achieved the ambitious objectives set out in our 1999/2000 strategic plan and has exciting plans for the future which will ensure Casino Regina's continued status as one of the province's top tourism draws.



FINANCIAL OVERVIEW

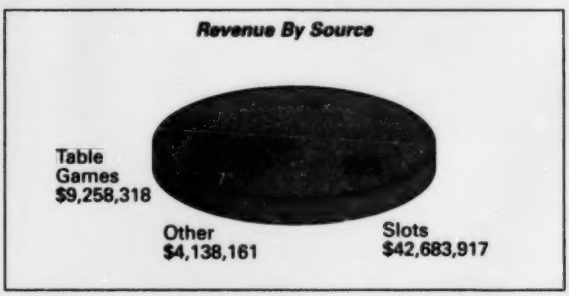
During the 1999/2000 fiscal year the corporation posted a net income of $19.8 million. This was up 28% over the previous year's record profit of $15.4 million.

Net revenues for the year were $54.5 million, up $6.7 million or almost 14% over the past year.

Expenses were $34.7 million, up $2.3 million or 7% over 1998/1999.

A number of factors account for SGC's record performance in 1999/2000. This fiscal year saw an overall growth in gross gaming revenue of 14.8%. While table revenues declined by 5%, slot revenues increased by 20% or $7.2 million. Ancillary revenues, led by the improved performance in the Food and Beverage Department, increased 19%.

Promotional allowances increased $700,000 during the past year due primarily to customer service initiatives including free pop and coffee, and marketing initiatives including parking and restaurant coupons.



OPERATIONAL HIGHLIGHTS

During the past year Casino Regina welcomed 1.7 million guests, bringing the total guest visits since January 1996 to over 5 million.

The average daily admissions rose from approximately 4,000 to almost 4,600, an increase of 13% year over year. While win per admission remained unchanged at $31, the daily win per position increased from $152 to $174, reflecting the significantly higher attendance figures for the year.

As an organization matures it becomes necessary to streamline the operating structure to reflect changing conditions. Casino Regina made several changes in the past year that were designed to flatten the management structure and to co-ordinate services more efficiently.

Management Discussion and Analysis

One of the most significant changes was the creation of Casino Services, a new department within the operations division. This department consolidates non-gaming activities including customer services, the gift shop, and the uniform room. The parking lot, previously under the direction of security, was also moved to the new Casino Services Department.

The Security Department, which previously had a dual reporting relationship with the President's Office and Operations, now reports solely and directly to the President. This change has clarified reporting relationships and ensures the complete independence of the Security Department. This change has also contributed to an increased emphasis on customer service by improving supervision of floor security.

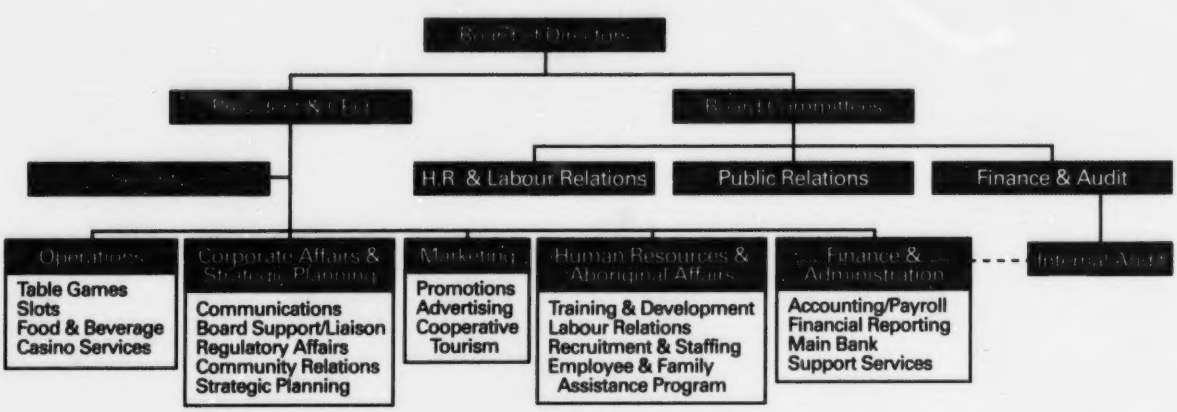
Back Row, Left to Right
Joe van Koeverden, President and CEO;
Gerry Fischer, V.P. of Marketing;
Brian Lynch, Senior V.P of Operations

Middle Row:
Kathie Maher-Wolbaum, V.P. of Corporate Affairs;
Doug Casper, Executive Director of Security;
Twyla Meredith, Senior V.P. of Finance and Administration

Front Row:
Elma Shoulak, Senior V.P. of Human Resources and Aboriginal Affairs

Several changes were also made in the food and beverage area during the year. These changes were designed to improve the consistency and quality of customer service. The two areas of food and beverage services were merged to provide better co-ordination. The restaurant with its developing reputation for good entertainment and food continues to be a key draw for the casino. It introduced a new menu format, increased the level of staff training and implemented additional cost controls and efficiency measures. In order to keep a balance between increased productivity and good service both qualitative and quantitative measures of success were introduced.

Organizational Structure



RISK MANAGEMENT

During the past year SGC devoted considerable attention to risk management. A formal risk identification process was conducted. As a result of this process the corporation identified its key areas of risk and defined fundamental components that must be managed to ensure the continued success and long-term viability of Casino Regina.

FAIRNESS AND INTEGRITY IN GAMING OPERATIONS

SGC, as the operator of Casino Regina, has a responsibility to ensure the integrity of its gaming operations. To meet this responsibility SGC must ensure its gaming operations are conducted fairly, honestly and in accordance with regulatory approvals.

The level of risk associated with gaming operations is much greater than many other businesses because of the large volume of cash transactions. Cash-intensive businesses require stringent rules and procedures to ensure transactions are performed and recorded in accordance with approved policies.

SGC must also ensure that it provides a safe and secure environment for guests and staff. A safe environment contributes to the comfort and enjoyment of guests and allows staff to perform their duties better.

SGC has established procedures and systems to ensure that all regulatory reporting requirements are met and all games are approved by the Saskatchewan Liquor and Gaming Authority. Gaming operations are closely monitored at the floor level through ongoing supervision, and through the closed circuit camera system. Cash transactions are controlled through stringent rules and procedures and cash handling is monitored through surveillance activities. Rules and procedures are sufficient to monitor gaming activities and to minimize the risk of cheating, stealing and other illegal acts. Appropriate security and surveillance throughout the casino property contributes to the safety and security of both guests and staff.

MAINTAINING OUR COMPETITIVE POSITION AS A TOP TOURISM ATTRACTION

Within the growing and changing gaming marketplace competition for gaming dollars is intensifying. Casino Regina must meet the competition and continue to be a top tourism attraction that draws visitors to Regina and Saskatchewan. As a destination attraction, Casino Regina will continue to generate economic benefits through job creation and enhanced tourism opportunities for the local and provincial community.

Casino Regina's success depends on constantly improving our gaming and entertainment package. Continuing to provide excellent customer service and achieving a high level of patron satisfaction will enhance customer loyalty and attract people to our facility.

To successfully manage this risk and maintain our competitive position the corporation needs to continue to renew its products, services and facilities. Our co-operative advertising activities with local, provincial and national tourism partners will need to expand; and promotional efforts need to focus on retaining gaming and tourism spending in the local community. A further ingredient for our competitive success will depend on our ability to ensure a motivated, committed workforce that reflects the culture and values that define our corporation.

Exciting plans for our future were launched during the past year. Work was initiated on a proposal for a major expansion to accommodate anticipated future growth and to ensure that Casino Regina continues as the entertainment anchor to downtown Regina. Plans also call for interior upgrading and refurbishments to maintain the high quality of décor and furnishings in our home, the historic Union Station.

SGC's working partnership with the Saskatchewan Tourism Education Council has provided a solid foundation for the casino's own workforce development efforts. As a leader in Saskatchewan's tourism industry, SGC has been an active participant in Tourism Regina and Tourism Saskatchewan. In conjunction with these agencies, Casino Regina has become a major tourism sponsor, contributing to a variety of co-operative advertising and promotional activities. SGC continues to build partnerships through its leadership in nationally promoting Saskatchewan attractions through the Canadian Tourism Council.

PROFITABILITY AND ACCOUNTABILITY

In the four years since Casino Regina first opened, SGC has generated over $50 million in net income. This profit is paid annually to the General Revenue Fund and distributed through the annual budgetary process for a wide range of social and public purposes.

To meet our strategic objectives, SGC must continue to generate a reasonable level of profitability consistent with industry standards and our other corporate objectives. We must ensure that corporate governance systems and practices enable the Board of Directors to effectively perform their responsibilities.

As a Crown Corporation, SGC must ensure that government, legislators, key beneficiaries and the general public receive accurate and timely reporting on the casino's performance. Performance goals and objectives must be set and the corporation must report publicly on the achievement of these targets.

SGC has established processes and systems to ensure that the Board of Directors receives appropriate information on the casino's performance and is in a position to monitor its performance. Procedures are in place to ensure that annual budgets and quarterly forecasts are approved by the Board.

The corporation is also committed to full public accountability. We have demonstrated this commitment through the inter-sessional release of our annual reports and the timely release of quarterly updates on our financial performance. We believe that the provision of relevant information in a timely fashion contributes to a better understanding of our business and the positive benefits that Casino Regina provides.

QUALITY EMPLOYMENT AND EMPLOYMENT EQUITY OBJECTIVES

SGC's mandate is to offer casino gaming as an entertainment option – generating quality employment, economic development and profit for Saskatchewan people in partnership with First Nations.

SGC's employment equity objectives are a fundamental component of our mandate and our culture. It includes as a priority the commitment that Casino Regina will strive for and maintain a workforce consisting of at least 50% Aboriginal people. Employment equity objectives also include women, visible minorities and persons with disabilities.

To fulfill our employment equity objectives SGC must continue to work with the Aboriginal community, referral agencies and educational and training institutes to promote casino career opportunities and to recruit qualified Aboriginal candidates. At the same time we must work to improve the representation of other equity groups in the workplace. Our human resource plans and processes must address any special training needs related to our employment equity objectives while contributing to a corporate culture of tolerance, acceptance and respect for all staff.

SGC's employment equity plan has been approved by the Saskatchewan Human Rights Commission. Our collective agreements with the Public Service Alliance of Canada and the Retail, Wholesale and Department Store Union recognize our objectives in this area and provide processes for implementing equity programs and initiatives. The co-operation and support of both trade unions has been a major factor in the success of our employment equity efforts.

SOCIAL RESPONSIBILITY

SGC's mandate, mission, vision and values reflect the importance of our commitment to operate in a socially responsible manner. While problem gambling affects a very small percentage of the population, for those individuals and their families, it can be a serious problem. To meet our commitment in this area, SGC recognized the need to adopt policies and procedures that address problem gambling and the potential negative impacts this type of behaviour may have.

To operate in a socially responsible manner, SGC needs to continue to provide awareness training for employees to help them understand and identify the behaviours associated with problem gambling. We must ensure that corporate policies related to responsible gaming and alcohol service are clearly communicated to employees and patrons. Casino Regina must ensure that those under the age of nineteen are prevented from accessing our facility.

We must also continue to work closely with health and community service organizations to promote responsible gaming practices and increase public awareness of problem gambling.

Casino Regina will continue to play a leading role in the Canadian gaming industry in the field of problem gambling awareness. A staff awareness program developed in conjunction with Saskatchewan Health has gained national recognition and is attracting interest by several other Canadian casino operations.

An important component of Casino Regina's problem gambling awareness initiative is our voluntary admission ban program. Under this program, players experiencing problems can sign a document agreeing that they will not be allowed to enter the casino.

The corporation was pleased to work with the Saskatchewan Indian Gaming Authority last year to develop a program on problem gambling for use by staff working in Saskatchewan First Nations casinos. This program is modeled after Casino Regina's staff training and customer intervention program.

Great care is also taken to ensure that Casino Regina employees are trained in the responsible service of alcohol. The Saskatchewan Tourism Education Council's training program, It's Good Business, is mandatory for all operational staff. This training compliments our responsible gaming program and focuses on how to prevent the over service of alcohol and how to deal with intoxicated customers.

The corporation continues to work closely with the Regina Committee on Problem Gambling, the Canadian Mental Health Association, the Regina Health District and the Department of Health on a variety of concerns related to problem gambling.

Casino Regina works hard to promote responsible gaming practices.

For further details on the Saskatchewan Gaming Corporation's initiatives and operations, to request copies of this annual report, to receive copies of the audited consolidated financial statements, or to receive the audited financial statements for SGC Holding Inc., the holding company for the corporation's capital assets or to request copies of this Annual Report, contact the Saskatchewan Gaming Corporation's Corporate Affairs department at:

1880 Saskatchewan Drive
Regina, Saskatchewan
S4P 0B2

Telephone: (306) 787-7889
Fax: (306) 787-1444

In Canada, call toll free:
1-800-555-3189
or visit our website at
www.casinoregina.com

SASKATCHEWAN GAMING CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

Management's Report

The accompanying financial statements and related financial information presented throughout the Annual Report have been prepared by management using generally accepted accounting principles. Management is responsible for the integrity, objectivity and reliability of the financial statements.

The financial statements for the year ending March 31, 2000 have been approved by the Saskatchewan Gaming Corporation's Board of Directors.

Management of the corporation has established (and maintains) a system of internal controls, providing assurance that transactions are recorded and executed in compliance with legislation and authority; assets are safeguarded, there is an effective segregation of duties and responsibilities, and reliable records are maintained. An auditing function exists within the corporation that objectively assesses the effectiveness of internal controls.

The Provincial Auditor has examined the corporation's financial statements. The Auditor's Report to the Members of the Legislative Assembly of Saskatchewan expresses an independent opinion of fairness of presentation of the corporation's financial statements in accordance with generally accepted accounting principles.

Joe van Koeverden
President and CEO

Twyla Meredith
Senior Vice-President
Finance and Administration

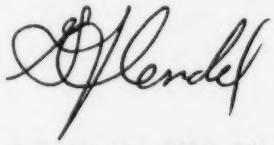
Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the consolidated statement of financial position of the Saskatchewan Gaming Corporation as at March 31, 2000 and the consolidated statements of operations, and retained earnings and cash flows for the year then ended. The Saskatchewan Gaming Corporation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Saskatchewan Gaming Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.



Regina, Saskatchewan
April 28, 2000

G. F. Wendel, CMA, CA
Acting Provincial Auditor

SASKATCHEWAN GAMING CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31

	2000	1999
ASSETS		
Current assets:		
Cash and short-term investments	$ 17,252,327	$ 13,297,551
Accounts receivable	72,218	49,736
Inventory	164,546	185,595
Prepaid expenses	455,257	427,496
	17,944,348	13,960,378
Deferred charges (Note 3)	376,104	827,430
Capital assets (Note 4)	29,269,230	31,022,343
Total Assets	$ 47,589,682	$ 45,810,151
LIABILITIES AND RETAINED EARNINGS		
Current liabilities:		
Accounts payable and accrued liabilities	$ 3,714,345	$ 2,649,127
Current portion of long-term debt (Note 5)	3,965,256	3,651,613
	7,679,601	6,300,740
Due to General Revenue Fund (Note 1)	19,816,624	15,450,698
Long-term debt (Note 5)	20,093,457	24,058,713
Retained earnings (Statement 2)	---	---
Total Liabilities and Retained Earnings	$ 47,589,682	$ 45,810,151

Commitments (Note 6)

(See accompanying notes to the financial statements)

Statement 2

SASKATCHEWAN GAMING CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS
For the Year Ended March 31

	2000		1999
	Budget	Actual	Actual
Revenue:			
Slot machines	$ 36,178,000	$ 42,683,917	$ 35,468,940
Table games	9,780,616	9,258,318	9,764,285
Other revenue (Note 7)	3,544,852	4,138,161	3,479,882
	49,503,468	56,080,396	48,713,107
Less promotional allowances	1,476,000	1,602,981	899,530
	48,027,468	54,477,415	47,813,577
Expenses (Note 8):			
Casino and administration	17,796,920	18,974,254	17,301,468
Contractual obligation (Note 6 b)	2,600,000	2,600,000	2,745,000
Ancillary services (Note 7)	2,816,426	2,740,960	2,580,196
	23,213,346	24,315,214	22,626,664
Earnings before the following	24,814,122	30,162,201	25,186,913
Amortization and asset write-down	3,948,675	3,800,165	3,613,624
Interest	2,342,122	2,346,979	2,633,149
Taxes (Note 9)	2,208,000	2,735,455	2,199,831
Consulting (Note 6 a)	1,315,325	1,462,978	1,289,611
	9,814,122	10,345,577	9,736,215
Net income	15,000,000	19,816,624	15,450,698
Retained earnings, beginning of the year	---	---	---
Due to General Revenue Fund (Note 1)	15,000,000	19,816,624	15,450,698
Retained earnings, end of the year - to Statement 1	$ ---	$ ---	$ ---

(See accompanying notes to the financial statements)

SASKATCHEWAN GAMING CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2000	1999
Cash flows from operating activities:		
Net income	$ 19,816,624	$ 15,450,698
Items not involving cash:		
Amortization of capital assets	3,746,850	3,406,378
Amortization of deferred charges	451,326	451,325
Write-down of assets	53,315	207,246
Changes in non-cash working capital balances:		
Accounts receivable	(22,482)	155,347
Prepaid expenses	(27,761)	(75,245)
Inventories	21,049	77,609
Accounts payable and accrued liabilities	1,065,218	(104,551)
	25,104,139	19,568,807
Cash flows from investing activities:		
Proceeds from sale of capital assets	10,847	98,538
Additions to capital assets	(2,057,899)	(2,185,414)
	(2,047,052)	(2,086,876)
Cash flows from financing activities:		
Payment to General Revenue Fund	(15,450,698)	(11,594,691)
Repayment of debt	(3,651,613)	(3,362,901)
	(19,102,311)	(14,957,592)
Net increase in cash	3,954,776	2,524,339
Cash and short-term investments, beginning of the year	13,297,551	10,773,212
Cash and short-term investments, end of the year	$ 17,252,327	$ 13,297,551

(See accompanying notes to the financial statements)

1. Description of Business

The Saskatchewan Gaming Corporation (SGC) manages and operates Casino Regina. The SGC was established as a Treasury Board Crown Corporation under *The Saskatchewan Gaming Corporation Act, 1994* (Act). Under Section 13 of the Act, SGC, unless directed otherwise by Treasury Board, shall pay its net profits for each fiscal year to the General Revenue Fund.

SGC was established to provide for separation of regulatory and operational aspects of gaming. SGC must operate in accordance with statutory provisions established under Section 207 of the *Criminal Code of Canada* and *The Alcohol and Gaming Regulation Act*, 1993. Regulation of its operations is controlled by the separately constituted Saskatchewan Liquor and Gaming Authority.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. The significant policies which have been adopted are described below.

a) *Basis of Consolidation*
The consolidated financial statements combine the accounts of Saskatchewan Gaming Corporation and its wholly-owned subsidiary, SGC Holdings Inc.

b) *Revenue*
Gaming revenue represents the net win from gaming activities, which is the difference between the amounts wagered and pay-outs by the casino. The retail value of goods and services furnished to casino guests without charge is included in revenue and then deducted as promotional allowances.

c) *Inventory*
Inventory is stated at the lower of cost and net realizable value.

d) *Capital Assets*
Capital assets are stated at cost less accumulated amortization. Assets are amortized using the straight-line method over their useful lives as follows:

Building and renovations	Five to forty years
Gaming equipment	Three to five years
Computer equipment	Three to five years
Furniture and equipment	Three to five years

e) *Cash and Short-term Investments*
Cash and short-term investments consist of cash on hand and balances with banks and investments in a money market fund. Short-term investments are carried at cost, which approximates market value.

3. Deferred Charges

In 1995, SGC purchased a five-year non-exclusive licence to use Holland Casinos' "know-how" and proprietary software. The total cost of this license is being amortized to consulting expense over a five-year period. Amortization of deferred charges during the year amounted to $451,325 (1999 - $451,325).

4. Capital Assets

	2000			1999
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Building and renovations	$ 22,813,007	$ 2,495,959	$ 20,317,048	$ 20,881,032
Gaming equipment	10,937,322	7,705,045	3,232,277	4,761,623
Land	4,228,000	---	4,228,000	3,408,000
Computer equipment	2,632,370	1,941,350	691,020	851,123
Furniture and equipment	2,111,994	1,311,109	800,885	1,120,565
Total	$ 42,722,693	$ 13,453,463	$ 29,269,230	$ 31,022,343

5. Long-Term Debt

	2000	1999
Land and Building Loan, repayable in monthly installments of $256,715 including interest at 9.2%, due April 1, 2011	$ 21,266,186	$ 22,336,212
Gaming Equipment Loan, repayable in monthly installments of $242,763 including interest at 7.88%, due April 1, 2001	2,792,527	5,374,114
	24,058,713	27,710,326
Less current portion	3,965,256	3,651,613
	$ 20,093,457	$ 24,058,713

The above loans are secured by assets and shares of SGC Holdings Inc. Principal repayments required in the next five years are as follows:

2001	3,965,256
2002	1,285,286
2003	1,408,648
2004	1,543,851
2005	1,692,030
2006 and subsequent	14,163,642
	$ 24,058,713

6. Commitments

a) Holland Casinos
SGC has retained Holland Casinos to assist in the development and operation of Casino Regina. A five-year agreement was finalized in April 1995, to commence January 1996. Under the agreement, SGC shall pay to Holland Casinos an amount equal to 1.5% of gross gaming revenue, and 1.5% of net profits per operating year for five years, plus any salaries, travel, and living expenses incurred by Holland Casinos staff.

b) Agreement with Regina Exhibition Association (Association)
On April 1, 1997, SGC entered into an agreement with the Association to fulfill previous commitments made to the Association regarding the maintenance of a certain level of its income.

The Association terminated the agreement effective November 23, 1997. Under the provisions of the agreement SGC agreed to pay the Association monthly payments of $235,417 for the first year following termination of the agreement and monthly payments of $216,667 in each year thereafter for 29 years.

7. Other Revenue

	2000					1999
	Food & Beverage	Parking	Giftshop	Other	Total	Total
Revenue:						
Sales	$3,563,445	$1,105,760	$ 349,727	$ ---	$ 5,018,932	$ 4,126,891
Cost of goods sold	1,184,167	---	263,639	---	1,447,806	1,258,646
Gross profit	2,379,278	1,105,760	86,088	---	3,571,126	2,868,245
Interest	---	---	---	425,271	425,271	494,052
Rent and other	23,893	---	11,547	106,324	141,764	117,585
Total revenue	2,403,171	1,105,760	97,635	531,595	4,138,161	3,479,882
Expenses	2,333,784	326,360	80,816	---	2,740,960	2,580,196
Operating income	$ 69,387	$ 779,400	$ 16,819	$ 531,595	$ 1,397,201	$ 899,686

8. Expenses by Object

	2000	1999
Salaries and benefits	$ 13,831,702	$ 12,510,295
Amortization	3,746,850	3,406,378
Marketing and communication	3,134,076	2,606,313
Taxes (Note 9)	2,735,455	2,199,831
Utilities, insurance, supplies and maintenance	2,634,486	2,460,791
Contractual obligation (Note 6 b)	2,600,000	2,745,000
Interest	2,346,979	2,633,149
Consulting (Note 6 a)	1,462,978	1,289,611
Professional services	951,149	649,767
Uniforms, recruitment and training	529,480	585,284
Lease and rental	366,634	348,597
Other operating expenses	267,687	720,617
Write-down of assets	53,315	207,246
Total Expenses	$ 34,660,791	$ 32,362,879

9. Taxes

SGC is on the prescribed list of lottery corporations pursuant to Section 188 of *The Federal Excise Tax Act.* In lieu of collecting Goods and Services Tax (GST) on revenue at the retail level, SGC calculates and remits GST according to a formula prescribed by Revenue Canada. The formula requires SGC to pay 14% on the purchase of goods and services related to the Casino operation.

GST and Provincial Sales Tax on equipment leased from SGC Holdings Inc. is expensed over the term of the lease. Also included in taxes is grants in lieu of property tax.

10. Pension Plan

Substantially all of SGC's permanent employees participate in the Capital Pension Plan (the Plan), a defined contribution pension plan which is administered by the Plan's Board of Directors, using staff and facilities provided by Crown Investments Corporation of Saskatchewan. SGC's financial obligation is limited to matching the required amounts contributed by employees for current service, which totalled $580,502 for 2000 (1999 - $444,021). The amount required to be contributed by employees is 5.5% of salary.

11. 2000 Budget

These amounts represent the budget approved by the Board of the Saskatchewan Gaming Corporation.

12. Related Party Transactions

These consolidated financial statements include transactions with related parties. SGC is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, SGC is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

Category	2000	1999
Salaries and benefits	$ 679,211	$ 661,855
Utilities, insurance, supplies and maintenance	635,152	654,656
Restaurant - cost of sales	431,325	470,065
Other expenses	289,557	27,547
Accounts payable and accrued liabilities	302,446	59,565

In addition, SGC pays PST to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. SGC also collects Liquor Consumption Tax and remits to the Saskatchewan Department of Finance.

Other transactions with related parties and amounts due to/from them are described separately in the consolidated financial statements and the notes thereto.

13. Comparative Figures

Certain 1999 balances have been reclassified to conform with the current year's presentation.

SASKATCHEWAN GAMING CORPORATION
SUPPLEMENTARY FINANCIAL INFORMATION
Suppliers expenses over $20,000.00 (Net of GST) 1999-00

623974 SASK LTD	25,765	MAXIMUM INFORMATION SYSTEMS IN	25,604
ALL ACES TOUR	43,819	MIKOHN GAMING CORP	69,731
ALLEN, RORY	30,402	MINISTER OF FINANCE	195,135
AON REED STENHOUSE INC	107,720	OPTIMUM COMPUTER SERVICES	21,247
ARISTOCRAT INCORPORATED	106,141	PACIFIC FRESH FISH	27,066
ATRONIC AMERICAS, LLC	36,542	PARMALAT CANADA - BEATRICE	39,261
BENNETT-DUNLOP FORD SALES LTD	30,740	PEPSI BOTTLING GROUP (CANADA)	61,325
BREWERS DISTRIBUTORS LTD	276,927	PHOENIX ADVERTISING GROUP	1,813,666
BUNZL REGINA	24,479	PRAIRIE MOTORCYCLE LTD	27,100
CALBRE STRATEGIC SERVICES INC	23,508	PRAIRIE SIGN LEASING LTD	40,085
CANADIAN PACIFIC RAILWAY CO	30,000	PRINTWEST	56,455
CAPITAL PENSION & BENEFITS ADM	535,444	QU'APPELLE VALLEY WHOLESALE	101,872
CAPITAL PONTIAC BUICK CADILAC	47,405	RECEIVER GENERAL	1,707,901
CAREFREE GETAWAYS	68,765	REENA CAMPBELL PROMOTIONAL	38,481
CENTENNIAL REGINA	257,098	REGINA EXHIBITION ASSOC LTD	2,600,000
CHEF REDI MEATS INC	20,392	SASK ENERGY	53,962
CITY OF REGINA	504,111	SASK LIQUOR & GAMING AUTHORITY	198,370
CLASSIC GLAMORISING	138,257	SASK POWER CORP	322,645
CMI CAMPBELL MCLEOD CONSULTING	26,583	SASK PROPERTY MANAGEMENT CORP	387,013
COUGHLIN & ASSOC LTD	30,355	SASK WORKERS COMPENSATION BD	126,693
CUBBON ADVERTISING	20,962	SASK TEL	135,462
DELTA REGINA HOTEL	22,119	SEGA GAMES TECHNOLOGY INC.	42,122
ECOLAB LTD	37,128	SERCA	98,588
FANTASTIC CLEANING	523,904	SHUFFLE MASTER, INC	39,432
FIRST CHOICE FOODSERVICES LTD	22,786	SUN ELECTRIC (1975) LTD.	223,678
GABER, BARRY	26,505	TAYLOR'S FINE CARS	118,080
GEMACO PLAYING CARDS	26,138	TECHNOLOGY MANAGEMENT CORP	482,101
GRAND & TOY	27,868	TEMPLE GARDENS	76,659
GREAT WEST LIFE ASSURANCE CO	246,102	THE C2 SOLUTION	52,214
GREENE VALLEY CONCESSIONS	95,957	TOURISM REGINA	66,112
HOLLAND CASINOS	1,016,546	TRIPLE SEVEN CHRYSLER	42,526
HOUGHTON BOSTON PRINTERS	50,668	UNISOURCE CANADA INC	42,841
INTERCAS SERVICES LIMITED	52,969	WALLACE & CAREY LTD	131,034
INTERNATIONAL PLAYING CARD	21,436	WESTON BAKERIES LIMITED	37,164
KANUKA THURINGER	56,118		
KELLIHER MOTORS LTD	28,509		
KLUMPP & SON CABINETS LTD	66,464		
MACPHERSON, LESLIE & TYERMAN	29,663	TOTAL	14,237,920

SASKATCHEWAN GAMING CORPORATION
SUPPLEMENTARY FINANCIAL INFORMATION

Personal Services

Listed are individuals, excluding unionized employees, who received payments for salaries, wages, secondments, honorariums, etc. which total $2,500 or more.

Acoose,Trevor	45,444	Mario,Carmela	33,747
Adams,Ron	50,742	Meredith,Twyla	93,301
Affie,Dwayne	44,616	Milliken-Smith,Craig	56,453
Antonishyn,Nick	16,043	Murray, Debra	11,398
Armbruster,Tamara	19,655	Murray,Gordon	45,109
Banks,Eileen	10,673	Myette,Rita	38,357
Bear, Louise	9,062	O'Hara,Murray	11,428
Bellinger, Keith	22,689	O'Neil, Brandy	9,395
Bird,Aleta-Jo	21,174	Parisian,Richard	48,079
Bitternose,Ken	44,810	Perovic,Dalila	48,843
Blenkin,Frances	51,101	Perovic,Jovica	47,413
Brimble,Sheila	25,703	Petit-Homme, Cary	11,467
Burns,Sarah	3,469	Piapot,Debra	47,035
Caldwell,Victoria	36,268	Pisio,Angela	24,634
Cardinal, Robert	43,135	Poitras, Lola	12,761
Casper,Doug	72,133	Raymond,Paul	69,059
Cloutier,Les	54,712	Reynolds, Ross	39,679
Collum,Kenneth	53,933	Robertson, Carolyne	32,722
Cote,Brenda	68,547	Robison,Blair	36,935
Crowe, Barry	11,903	Runns, Fayth	23,957
Cyr,Delvina	44,825	Sawicki,Kevin	44,484
Daradich,Elliott	42,712	Schmidt,Kelly	27,766
Dressler,Maxwell	64,295	Scott,Michael	26,258
Dureau,Greg	54,692	Sebastian,Joyce	19,253
Engel,Gailen	46,392	Shoulak,Elma	77,898
Erickson,Rita	45,157	Slopinski, Sandra	31,467
Ermel,Ralph	57,688	Smith, Lisette	2,816
Fayant, Shelley	42,604	Smith, Perry	6,300
Ferguson,Dallas	55,047	Spence,Holly	46,579
Fischer,Gerald	86,539	Staseson, Gordon	25,500
Fletcher, Diane	33,000	Stewart, Tracy	14,502
Gartner,Rosanne	37,141	Stonechild, Gerald	23,043
Gidluck,Lynn	58,973	Striemer,Ian	10,238
Gilroyed,Bonnie	26,706	Taylor,David	45,233
Gorniak,Sherry	6,043	Taypotat,Wendy	29,951
Griffiths,Bert	25,001	Terhorst,Thomas	44,733
Hanoski,Cindy	33,359	Tillie,Shannon	25,157
Harmon,John	10,765	Toop, Wendy	32,175
Harrison,Kirklen	4,220	Tuplin,Donna-Joy	41,817
Holstein,Jeff	37,656	Turcotte,Andy	41,537
Howie,Jane	45,184	Uhl, Gene	9,358
Hutchison,Wendy	62,503	van Hallem,Pauline	35,541
Jackson,Rhonda	28,899	van Koeverden,Joe	107,910
Jones, Ron	36,986	van Steijn,Sandra	54,768
Keam,David	23,723	Venne, Krista	30,441
Kennedy,Ivy	43,191	Ward,Keith	37,800
Khan,Jeff	38,180	Weist,Faye	47,435
Kohl,Margaret	33,116	Welch,Debra	55,874
Lajoure,Lesle	27,472	Whiting,Cheryl	63,853
Lane,Lauretta	31,043	Wilker,Don	13,522
LaRocque, Russell	8,293	Wilson,Alan	29,935
Laroque,Gregory	42,476	Windrum,Charmaine	27,842
Love, Neil	33,415	Woolley, Cheryl	35,474
Lynch,Brian	93,741	Wurm, Dean	20,205
MacRae,Stuart	47,942		4,166,406
Maelde, Guido	3,428		
Maher-Wolbaum,Kathie	89,505	Ministerial Assistant's Salaries	12,120
Manz,Sherry	30,244		